China and America: The Great Divergence?

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By Robert Sutter

Robert Sutter is Professor of Practice of International Affairs, George Washington University, Washington, D.C. His most recent book is Foreign Relations of the PRC: The Legacies and Constraints of China’s International Politics since 1949 (Rowman and Littlefield, 2013). This article is a revised version of a paper he delivered at a conference on "The Great Divergence? Economic Integration and Political Conflict in Asia," cosponsored by FPRI and the Reserve Officers Association, held in Washington, D.C. in October 2013.

Abstract: While there have been many sources of tension in U.S.-China relations since the Cold War, they have been held in check generally by circumstances that have inclined the governments to cooperate. Yet, the relationship remains multi-faceted and fragile, and various frameworks and forecasts—like the contemporary “Great Divergence” framework, which speaks to the apparent disjunction between economic and security affairs—have proven to be incomplete and incorrect.

This article begins by comparing the flaws in the Great Divergence framework with earlier frameworks, or predictions, regarding U.S.-China relations since the end of the Cold War.¹ It then assesses the context of contemporary U.S.-Chinese relations, finding that pragmatic engagement is likely to endure and giving the reasons why. In particular, projected conflict over security issues between the United States and a more assertive China actually is held in check by major constraints that are unlikely to weaken soon. The relationship nevertheless will remain fragile as underlined by the finding that Sino-American convergence of economic


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interests, emphasized by the Great Divergence, has eroded badly in recent years and become a major source of friction between the two powers.

**The Great Divergence and Earlier Flawed Frameworks and Forecasts**

The collapse of the Soviet Union and the end of the Cold War destroyed the strategic framework for the Sino-American cooperation initiated by U.S. President Richard Nixon and Chinese Chairman Mao Zedong. The crises associated with the twists and turns in relations since that time have caused policymakers, strategists and scholars in both the United States and China to try to establish firmer bases for cooperative relations; or at least establish better understanding of the different elements in the relationship. The resulting frameworks and forecasts often proved useful in comprehending relations and motivating policy; however, other times, they were misleading or flawed, achieving mediocre results.²

A surprising and acute military crisis in the Taiwan Strait during 1995 and 1996 prompted reassessment by China and the United States. The Clinton Administration worked positively to engage an alienated China. Both sides eventually agreed to emphasize common ground and play down differences in pursuing a “strategic partnership.” But crises over the U.S. bombing of the Chinese Embassy in Belgrade and strident domestic opposition in the United States scuttled the strategic partnership.

The George W. Bush Administration came into office openly critical of the Clinton Administration’s China policy and wary of cooperative partnership with China. Forecasts focused on serious trouble ahead. Those projections were proven wrong; they overlooked strong imperatives on the Chinese side, as well as on the Bush Administration’s side, to avoid confrontation and ease tensions. Pragmatic cooperation in the following years saw prevailing assessments switch to the positive. It was commonly asserted that the United States and China had become “friends” and “comrades,”³ soft-pedaling profound differences such as the ongoing buildup of Chinese forces to deter the United States in the event of a Taiwan contingency and various U.S. responses. Meanwhile, the idea of China as a “responsible” superpower, raised an optimistic vision of close Sino-American relations sustaining international order and norms that proved to be unrealistic.⁴

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During his first year in office, President Barack Obama tried to build on Bush’s legacy with China by an accommodating posture and a strong emphasis on cooperation. He endeavored to get the Chinese to collaborate with the United States in support of a peaceful international order and norms. Against this background, prominent non-government specialists on the U.S. side argued for establishing a G-2 framework, where Beijing and Washington would work together closely in guiding international developments. The proposed framework failed. China viewed such American rhetoric with suspicion, seeing U.S. efforts to slow China’s growing power by burdening Beijing with greater international commitments.¹

Meanwhile, Obama’s strong positive attention to—and accommodation toward—China was viewed in China reportedly as signs of American weakness. This apparently added to China’s reasons to increase pressure on the United States over long-standing and recent differences. Specialists and scholars on both sides switched from optimism to pessimism, forecasting serious trouble. In 2011, when the Obama Administration publicly recast its Asian policy, broadening U.S. interests in advancing relations throughout the Asian-Pacific region in ways that competed with China, there were harsh Chinese reactions. These reactions prompted China specialists to emphasize a tattered structure of Sino-American dialogues endeavoring to cover an increasingly acrimonious relationship.²

The year 2012 was marked by a series of tests in the relationship. Growing Chinese-U.S. divergence and competition in Asia headed the list of issues that challenged Chinese and American leaders to manage their differences. This exacerbated an obvious security dilemma in this sensitive region, featuring China’s rising power and America’s reaction, shown notably in the two sides’ respective military build-ups.

The Republican presidential primaries often included hyperbolic attacks on Chinese economic and security policies. Governor Mitt Romney emerged from the pack as the party’s nominee, supporting tough trade and security measures to protect U.S. interests against China. President Obama joined the fray with harsh rhetoric not seen in his presidential campaign in 2008. Calling China an “adversary,” he highlighted his administration’s

stronger engagement with countries in the Asia-Pacific region as a means to compete with China in security, economic and other terms.\footnote{Don Keyser, “President Obama’s Re-election: Outlook for U.S.-China relations in the second term,” China Policy Institute, Nottingham University, UK, Nov. 7, 2012.}

Chinese media and officials condemned the so-called “China bashing” as manifested during the 2012 U.S. presidential and congressional election campaigns. Chinese leaders firmly resisted American pressure on the value of China’s currency and broader trade practices. They also strongly rebuffed U.S. efforts to get China’s cooperation in dealing with some sensitive international issues, notably the conflict in Syria. China continued to give priority to nurturing close ties with the new North Korean leadership, despite the latter’s continued provocations.\footnote{Balancing Acts, p. 39.}

China resorted to extraordinary demonstrations of state power, short of direct use of military force, in response to perceived challenges by U.S. allies—primarily the Philippines and Japan—regarding disputed territory in the South China Sea and the East China Sea. Chinese commentary accused the United States of encouraging neighboring countries to be more assertive in challenging China’s claims, as part of alleged U.S. efforts to contain China under the rubric of the Obama government’s “rebalance” in the Asia-Pacific region. Top Chinese leaders also highlighted regional trade arrangements that excluded the United States in order to undermine American-led efforts to advance U.S. interests through a trans-Pacific trade pact.\footnote{Bonnie Glaser, “U.S.-China Relations,” Comparative Connections, Jan. 2013, www.csis.org/pacfor.}

In early 2012, Kenneth Lieberthal and Wang Jisi identified what they considered a deeply rooted distrust between the two governments.\footnote{Kenneth Lieberthal and Wang Jisi, Addressing U.S.-China Strategic Distrust (Washington, DC: Brookings Institution, March 2012).} By the end of the year, David Shambaugh joined other commentators in concluding that the U.S.-China relationship had become “more strained, fraught and distrustful.” Intergovernmental meetings designed to forge cooperation are becoming more pro-forma and increasingly acrimonious, he said; the two sides wrangle over trade and investment issues, technology espionage and cyber-hacking, global governance challenges like climate change and Syria, nuclear challenges like Iran and North Korea, and their security postures and competition for influence in the Asia-Pacific.\footnote{David Shambaugh, “The Rocky Road Ahead in U.S.-China Relations,” China-U.S. Focus, Oct. 23, 2012.}

It was against this background that specialists and scholars emphasized growing security competition along the lines of the “Great Divergence,” highlighted in a series of articles. Security differences were
portrayed in sometimes graphically dangerous terms, with Chinese assertiveness against major U.S. ally Japan, over disputed islands in the East China Sea possibly leading to direct Sino-American military confrontation that could escalate to nuclear war. The Great Divergence framework portrayed economic ties as a positive glue that binds the two powers together in mutually agreeable ways. While there is a good deal of validity in the new framework for understanding the Asian-Pacific region’s reaction to China’s rise, closer examination shows that its application to U.S.-China relations is incomplete and flawed.

For example, highlights of the volatility in U.S.-China relations since the end of the Cold War, noted above, demonstrate that the danger of U.S.-China military confrontation appeared much worse during various crises over Taiwan from 1995 to 2008. And yet the two powers found ways to manage the tensions even as they beefed up forces in the event of a Taiwan contingency. There is little evidence today that the Chinese military is willing, or even able, to confront the U.S. forces in Japan and the Western Pacific over the disputed Diaoyu/Senkaku Islands. Thus far, their assertiveness against Japan and against U.S. ally the Philippines in the South China Sea has been managed to avoid direct military confrontation with the United States.

Meanwhile, the Great Divergence framework gives the impression that economic ties are strong positives in the relationship. The 2012 presidential campaign and President Obama's strong emphasis on economic competition with China, as part of his overall rebalancing policy in the Asian Pacific region, undermine that perspective. Economics are no longer the positive force of convergence that they proved to be in previous years, even though the interdependence they foster does help to curb Sino-American conflict. The Obama Administration seems in line with mainstream American opinion in its stronger opposition to a variety of Chinese economic practices seen as disadvantaging the United States.

Determinants of Sino-American Convergence and Divergence

Closer examination of the context and recent evolution of the U.S.-China relationship discerns key circumstances that drive relations in positive and negative directions. The result shows that the security dilemma and competition between the two powers is more constrained than seen in the

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Great Divergence, while the economic cohesion has eroded. There are many areas of difference and friction between the two countries. These cause widespread uncertainty, especially among U.S. policymakers, concerning ways the United States can manage these differences with Beijing, as China’s power and influence grows. Nonetheless, prevailing interests of both powers generally incline leaders on both sides to pursue pragmatic engagement, seeking better cooperation and careful management of differences. As seen recently, those circumstances can change and in turn alter how officials in Beijing and Washington perceive their interests, leading to changes in policy. Nevertheless, the mix of incentives and disincentives for strong action disrupting the pragmatic engagement that has prevailed in recent years argues for continuity rather than major change in the relationship.

A period of increased competition and tension in Sino-American relations seen in 2012 was followed by one in which U.S. and Chinese initiatives led to the California summit in 2013, and a general moderation of Sino-American differences. These developments support the arguments of many specialists in both China and the United States, including this writer, that effectively managing differences through a process of constructive engagement remains in the overall interests of both countries.14

American specialists noted that there are three general reasons for this judgment:

- Both administrations benefit from positive engagement in various areas. Such engagement supports their mutual interests in stability in the Asia-Pacific, a peaceful Korean peninsula, and a peaceful settlement of the Taiwan issue; the U.S. and Chinese leaders recognize the need to cooperate to foster global peace and prosperity, to advance world environmental conditions, and to deal with climate change and non-proliferation.

- Both administrations see that the two powers have become so interdependent that emphasizing the negatives in their relationship will hurt the other side but also will hurt them. Such interdependence is particularly strong in Sino-American economic relations.

- Both leaderships are preoccupied with a long list of urgent domestic and foreign priorities; in this situation, one of the last things they seek is a serious confrontation with one another.

Prominent Chinese specialists visiting Washington, at the end of 2012, underscored the futility of conflict and the need for cooperation in a somewhat different way. They averred that the U.S.-China relationship has become increasingly important to both sides and that three “realities” compel the two governments to seek ways to manage their differences while trying to broaden common ground.

Those realities are:

- Each country is too big to be dominated by the other.
- Each country has a unique political and social structure which must not be allowed to be transformed by the other.
- Each country has become too interdependent with the other to allow conflicts to disrupt their relationship.

Looking forward, it is hard to see how the Obama Administration would believe that U.S. interests would be well served with a more assertive U.S. stance, which might lead to a major confrontation with China. Indeed, the administration has adjusted its initiatives in the Asia-Pacific in order to reduce the public emphasis on the military aspect of the Asia “pivot.” This is a sensitive issue for both China and the many Asian-Pacific governments seeking to avoid the disruption that would be associated with serious Sino-American differences. The Obama Administration used the California Summit and other senior-level interchanges, including cabinet-level visits and structured dialogues to reach out to President Xi Jinping and the new Chinese leadership. Its criticism of Chinese economic practices adverse to U.S. interests remains measured. It has responded firmly when Chinese actions over disputed territory, along its maritime rim, escalate tensions and endanger stability, underlining America’s commitments to regional stability and the status quo. Its posture on the preeminent issue of Taiwan has been supportive of Taiwan President Ma Ying-jeou’s reassurance of and greater alignment with China.\textsuperscript{15}

**China’s Tougher Stance in the Asia-Pacific**

More care is needed in assessing the Chinese side of the bilateral relationship. The repeated episodes of Chinese assertiveness over territory,

\textsuperscript{15} Balancing Acts, pp. 7-10
China and America

and other disputes involving the United States in recent years, are supported by seemingly growing public and elite opinion in China arguing for stronger initiatives to change aspects of the regional order.

China’s tough stand on maritime territorial disputes evident in the 2012 confrontations with the Philippines in the South China Sea, and with Japan in the East China Sea, has continued even as China’s leadership has changed and marks an important shift in China’s foreign policy. This change has serious implications for China’s neighbors, and for the United States. China’s success in advancing its claims against the Philippines and in challenging Japan’s control of disputed islands heads the list of reasons why the new Chinese policy is likely to continue and perhaps intensify in the future. Few governments are prepared to resist.

China was successful in using coercion and intimidation in advancing control over contested territory in the South China Sea. It also established a pattern of employing force short of conflict to assert claims against Japanese control over East China Sea islands. Although the Philippines continued to complain loudly and Japan resisted firmly, most governments acquiesced in China’s behaviour as a sop to Beijing’s sensitivity about what it believes are “internal” matters: Taiwan, Tibet, and Xinjiang, and now including maritime claims along China’s rim.

Against this background, the United States and China’s neighbors have been required to more carefully calibrate their actions related to disputed maritime territories. Unfortunately, the parameters of China’s acute concerns regarding maritime claims remain unclear. Meanwhile, the drivers of China’s new toughness on maritime disputes include rising patriotic sentiment in Chinese elite and public opinion and the growing capabilities in Chinese military, coast guard, fishery and oil exploration forces. The latter are sure to grow in the coming years, foreshadowing greater Chinese willingness to use coercion in seeking advances in nearby seas.

For now, a forecast of varied regional acquiescence, protests and resistance to China’s new toughness on maritime claims seems most likely. It raises the question about future Chinese assertiveness, challenging neighboring governments with disputes over Chinese claims and challenging American leadership in promoting stability and opposing unilateral and coercive means to change the regional status quo.

Forecasts of inevitable conflict between the United States and China, as they compete for influence in the Asia-Pacific, or of a U.S. retreat in the Asia-Pacific in the face of China’s assertiveness are offset in this writer’s opinion by circumstances in China and abroad that will continue to constrain China’s leaders, even if they, like much of Chinese elite and public opinion, personally favor a tough approach in order to secure interests in the Asia-Pacific.

Constraints on Chinese Assertiveness

There are three sets of constraints on Chinese tough measures in foreign affairs related to the United States that are strong and unlikely to diminish in the foreseeable future. The first relates to Chinese leaders’ domestic priorities. There is a general consensus among specialists in China and abroad about some of the Chinese leaders’ key objectives. The Chinese leaders want to sustain one-party rule, and to do so they require continued economic growth which advances the material benefits of Chinese people and assures general public support and legitimacy for the Communist government. Such economic growth and continued one-party rule requires stability at home and abroad, especially in nearby Asia where conflict would have a serious negative impact on Chinese economic growth.

At the same time, the need for vigilance in protecting Chinese security and sovereignty remains among the top leadership concerns as evidenced by the long and costly build-up of military forces to deal with a Taiwan contingency involving the United States and the more recent use of various means of state power to advance territorial claims in nearby disputed seas. There is less clarity among specialists as to where Chinese international ambitions for regional and global leadership fit in the current priorities of the Beijing leaders, but there is little doubt that the domestic concerns get overall priority.\(^\text{18}\)

On this basis, analysts see a wide range of domestic concerns preoccupying the Xi Jinping leadership and earlier Chinese leaders. They involve:

- weak leadership legitimacy, highly dependent on how the leaders’ performance is seen at any given time;
- pervasive corruption viewed as sapping public support and undermining administrative efficiency;
- widening income gaps posing challenges to the Communist regime ostensibly dedicated to advancing the disadvantaged;
- wide-spread social turmoil reportedly involving 100,000–200,000 mass incidents annually that are directed often at government officials and/or aspects of state policies. Managing such incidents and related domestic control measures involve budget outlays greater that China’s impressive national defense budget;
- highly resource-intensive economy (for example, China uses four times the amount of oil to advance its economic growth to a certain level than does the United States, even though the United States is notoriously inefficient and arguably wasteful in how it uses oil); enormous and rapidly growing environmental damage is experienced in China as a result of such intensive resource use.

China and America

- need for major reform of an economic model in use in China for over three decades that is widely seen to have reached a point of diminishing returns.

In November 2013, the Chinese leadership met and set forth an ambitious and wide-ranging agenda of economic and related domestic reforms. These proposed actions will deal with the problems noted above, among other things. How the 60-plus measures set forth for reform will be implemented and how they will be made to interact effectively with one another are widely seen to require a strong and sustained effort of top Chinese leaders, perhaps for several years.\textsuperscript{19} Under these circumstances, those same leaders would seem unlikely to seek confrontation with the United States. Xi Jinping’s accommodation of President Obama in meeting in California in 2013, and his leadership’s continued emphasis on the positive in U.S.-China relations in seeking a new kind of major power relationship, underlines this trend. Xi has presided over China’s greater assertiveness on maritime territorial issues that involve the United States, but thus far the Chinese probes generally have been crafted to avoid direct confrontation with the superpower.

Whether or not the many domestic priorities preoccupying Chinese leaders noted above can be equated with President Obama’s domestic preoccupations arguing for a continued pragmatic American approach to China remains to be seen. On balance, they incline Chinese leaders toward caution and pragmatism.

The \textit{second set of constraints} on China’s tough measures against the United States involves strong and ever growing interdependence in U.S.-Chinese relations. At the start of the twenty-first century, growing economic interdependence reinforced each government’s tendency to emphasize the positive and pursue constructive relations with one another. A pattern of dualism in U.S.-China relations arose as part of the developing positive equilibrium. The pattern involved constructive and cooperative engagement, on the one hand, and contingency planning or hedging, on the other. It reflected a mix of converging and competing interests and prevailing leadership suspicions and cooperation.

This dualism was evident as each government used engagement to build positive and cooperative ties while at the same time seeking to use these ties to build interdependencies and webs of relationships that had the effect of constraining the other power from taking actions that oppose its interests. The Council on Foreign Relations was explicit about this approach in a book entitled \textit{Weaving the Net}, arguing for engagement that would over time compel changes in Chinese policies in accord with norms supported by the United States. While the analogy is not precise, the policies of engagement pursued by the United States and China toward one another featured respective “Gulliver strategies” that were designed to tie down aggressive, assertive, or other negative policy tendencies of the other power.

through webs of interdependence in bilateral and multilateral relationships.\textsuperscript{20} The power of interdependence and dualism to constrain assertive and disruptive actions has limits. Thus, in the late 1990s, some specialists in China and the United States judged that the more moderate Chinese approach to the United States at that time would be reciprocated by the United States, leading to growing convergence.\textsuperscript{21} As it turned out, other Chinese and American specialists who judged that the circumstances surrounding Chinese foreign policy and Chinese policy toward the United States have remained far too uncertain to posit a truly lasting Chinese strategy of cooperation and convergence with the United States were proven correct.\textsuperscript{22} When international circumstances are perceived as threatening, Chinese elites react with a mixture of patriotic and often nationalistic sentiments. Public opinion often favors expanding Chinese military capabilities to protect and advance the country’s interests. Chinese leaders adjust to such changing circumstances, weighing the costs and benefits of maintaining or altering policies.\textsuperscript{23}

In recent years, this group of analysts has seen Chinese leaders as continuing to hedge their bets as they endeavor to persuade the United States and other important world powers of China’s avowed determination to pursue the road of peace and development. Thus, the new thinking seen in greater Chinese international activism and positivism, regarding multilateral organizations and world politics, appears to be only one part of recent Chinese foreign policy. Such new Chinese diplomatic and international activism and positivism not only fosters a beneficent image for China; they are seen by these analysts as serving an important practical objective of fostering norms and practices in regional and international organizations and circumstances that create a buffer against suspected U.S. efforts to “contain” China and to impede China’s rising power. Roughly consistent with the image of the “Gulliver strategy” noted earlier, they foster webs of interdependent relationships that hamper unilateral or other actions by the U.S. superpower that could intrude on important Chinese interests in Asian


China and America

and world affairs.\textsuperscript{24}

In sum, the U.S. approach to China seeks engagement for its own sake but also seeks to intertwine China into what the Council on Foreign Relations called a “web” woven by the United States and its allies and associates to insure that rising China conforms more to international norms backed by the United States as it rises in world prominence. For its part, China deliberately builds interdependence with the United States and with regional and international organizations involving the United States as a means to buffer against and constrain possibly harsh U.S. measures against China. As time went on, both sides became increasingly aware of how their respective interests were tied to the well-being and success of the other, thereby limiting the tendency of the past to apply pressure on one another. In effect, interdependence has worked to constrain both sides against taking forceful action against each other.

The third set of constraints on tough Chinese measures against the United States involves China’s insecure position in the Asia-Pacific region. Even after more than two decades of repeated efforts, China’s rise in the region remains encumbered and has a long way to go to challenge U.S. regional leadership. Nearby Asia is the world area where China has always exerted greatest influence and where China devotes the lion’s share of foreign policy attention. It contains security and sovereignty issues (for example, Taiwan) of top importance. It is the main arena of interaction with the United States. This is the world area where the People’s Liberation Army (PLA) is most active and exerts its greatest international influence. The region’s economic importance far surpasses the rest of world (China is Africa’s biggest trader but it does more trade with South Korea). Stability along the rim of China is essential for China’s continued economic growth—the lynch pin of leadership legitimacy and continued Communist rule. Against this background, without a secure foundation in nearby Asia, China will be inclined to avoid serious confrontation with the United States.\textsuperscript{25}

Among Chinese strengths in the Asia-Pacific region are:

- China’s position as the leading trading partner with most neighboring countries and the heavy investment many of those countries make in China;


China’s growing web of road, rail, river, electric power, pipeline and other linkages promoting economic and other interchange with nearby countries.

China’s prominent leadership attention and active diplomacy in interaction with neighboring countries both bilaterally and multilaterally;

China’s expanding military capabilities.

Nevertheless, these strengths are offset by various weaknesses. First, some Chinese practices alienate near-by governments, which broadly favor key aspects of U.S. regional leadership. Thus, leadership in the region involves often costly and risky efforts to support common goods involving regional security and development. In contrast, Chinese behavior shows a well-developed tendency to avoid risks, costs or commitments to the common good unless there is adequate benefit for tangible Chinese interests. Although it has $3.5 trillion in foreign exchange reserves, China continues to run a substantial trade surplus and to accumulate large foreign exchange reserves supported by currency- and trade-related policies widely seen to disadvantage trading competitors in the Asia-Pacific and elsewhere.

Despite its economic progress and role as an international creditor comparable to international financial institutions, China annually receives over $6 billion a year of foreign assistance loans and lesser grants that presumably would otherwise be available for other deserving clients in the Asia-Pacific and the world. It carefully adheres to UN budget formulas that keep Chinese dues and other payments remarkably low. It tends to assure that its contributions to the broader good of the international order (for example, extensive use of Chinese personnel in UN peacekeeping operations) are paid for by others.

At bottom, the “win-win” principle that undergirds recent Chinese foreign policy means that Chinese officials make sure that Chinese policies and practices provide a “win” for narrowly defined national interests of China. They eschew the kinds of risky and costly commitments for the broader regional and global common goods that Asian leaders have come to look to U.S. leadership to provide. A major reason for China’s continued reluctance to undertake costs and commitments for the sake of the “common good” of the Asia-Pacific and the broader international order is the long array of domestic challenges and preoccupations that Chinese leaders face. The precise impact of these domestic issues on the calculations of Chinese leaders is hard to measure with any precision, though their overall impact appears substantial.
Second, recent episodes of Chinese assertiveness toward several neighbors and the United States have put nearby governments on guard and weakened Chinese regional influence. They have reminded China’s neighbors that the 60-year history of the People’s Republic of China (PRC) has more often than not featured China acting in disruptive and domineering ways in the region.

Third, China’s record of success in reassuring neighbors and advancing influence in the Asia-Pacific in the post-Cold War period is mediocre. China faces major impediments, many home-grown. China’s self-image as a benign actor in the international arena is not shared by others, who fear another in the long series of historical shifts in Chinese policies away from its recent emphasis on reassurance and toward past practices of intimidation and aggression. Absorbed in Chinese publicity regarding China’s exceptional position of consistent, moral and benign foreign behavior, Chinese elites and public opinion have a poor appreciation of regional and American concerns. The elite and public opinion restricts more realistic Chinese policies when dealing with disputes and differences with neighbors and the United States. Adding to the negative mix, Chinese elites and public opinion remain heavily influenced by prevailing emphasis in Chinese media on China’s historic victimization at the hands of outside powers like the United States, Japan and others.26

Measuring China’s relationships. Measuring significant limitations and shortcomings seen in China’s recent relations in Asia can start with China’s relationship with Japan, arguably Asia’s richest country and the key ally of the United States. The record shows that China usually has been unsuccessful in winning greater support; and relations have seriously worsened because of disputes involving widespread Chinese violence, extra-legal trade sanctions and intimidation well beyond accepted international norms over territorial and resources claims in the East China Sea.27

India’s interest in accommodation with China has been offset by border frictions, competition for influence among the countries surrounding India and in Southeast Asia and Central Asia. The limited progress in Sino-Indian relations became overshadowed by a remarkable upswing in India’s strategic cooperation with the United States during the past decade.28 Meanwhile,

Russian and Chinese relations have waxed and waned and appear to remain secondary to the each country’s relationships with the West.29

Until recently, relations between China and Taiwan were tense, to say the least. The election of a new Taiwan government in 2008 bent on reassuring Beijing changed relations for the better. China’s economic, diplomatic, and military influence over Taiwan grew. The government was re-elected in 2012 but the political opposition in Taiwan remained opposed to recent trends and improved its standing with Taiwan voters.30

Despite close Sino-South Korean economic ties, South Korean opinion of China declined sharply from a high point in 2004, initially as a result of historical disputes. But South Koreans also opposed Chinese support for North Korea which seemed designed to sustain a viable North Korean state friendly to China—an objective at odds with South Korea’s goal to reunify North and South Korea. China’s refusal in 2010 to condemn North Korea’s killing of 46 South Korean sailors in the sinking of a South Korean warship and the killing of South Korean soldiers and civilians in an artillery attack strongly reinforced anti-China sentiment. Chinese efforts to improve ties with a new South Korean president in 2013 became sidetracked by provocations from North Korea and Chinese advances in disputed territory claimed by South Korea.31

Chinese diplomacy at various times endeavored to play down Chinese territorial disputes in Southeast Asian countries, but differences became more prominent in recent years, especially over disputed claims in the South China Sea, seriously complicating Chinese relations with the region. China’s remarkable military modernization and its sometimes secretive and authoritarian political system raised suspicions and wariness on the part of a number of China’s neighbors, including such middle powers as Australia.32 They endeavored to build their own military power and work cooperatively with one another and the United States in the face of China’s military advances.

The People’s Republic of China’s record of repeated aggression and assertiveness during the forty years rule of Mao Zedong and Deng Xiaoping toward many Asian countries means that China has had few positive connections on which to build friendly ties with its neighbors. Chinese

interchange with Asian neighbors has depended heavily on the direction and leadership of the Chinese government. Non-government channels of communication and influence have been limited. The so-called Overseas Chinese communities in Southeast Asian countries have provided important investment and technical assistance to China’s development and have represented political forces supportive of their home country’s good relations with China. At the same time, however, the dominant ethnic, cultural and religious groups in Southeast Asia often have a long history of wariness of China and sometimes have promoted violent actions and other discrimination against ethnic Chinese.33

Limitations and complications also showed in the areas of greatest Chinese strength in Asia—economic relations and diplomacy.34 Double counting associated with processing trade exaggerated Chinese trade figures. As half of Chinese trade was conducted by foreign invested enterprises in China, the resulting processing trade saw China often add only a small amount to the product; and the finished product often depended on sales to the United States or the European Union. A Singapore ambassador told Chinese media in August 2013 that 60 percent of the goods that are exported from China and ASEAN are ultimately manufacturers that go to the United States, Europe and Japan. Only 22 percent of these goods stay in the China-ASEAN region.35 Taken together, these facts seemed to represent a major caveat regarding China’s stature in Asia as a powerful trade partner.

The large amount of Asian and international investment that went to China did not go to other Asian countries, hurting their economic development. Until very recently, China invested little in Asia apart from Hong Kong, a reputed tax haven and source of “round-trip” monies leaving China and then returning to China as foreign investment.

Chinese aid figures are not clearly presented by the Chinese administration. What is known shows that China’s aid to Asia is very small, especially in comparison to other donors, with the exception of Chinese aid to North Korea and, at least until recently, Myanmar. In keeping with China’s “win-win” diplomacy, the sometimes dizzying array of meetings, agreements, and pronouncements in the active Chinese diplomacy in Asia did not hide the fact that China remained reluctant to undertake significant costs, risks, or commitments in dealing with difficult regional issues.

North Korea reflects an unusual mix of Chinese strengths and weaknesses in Asia. On the one hand, China provides considerable food aid,

33 Sutter, Foreign Relations of the People’s Republic of China, p. 319.
oil and other material support. China is North Korea’s largest trading partner and foreign investor. China often shields Pyongyang from U.S.-led efforts at the United Nations to sanction or otherwise punish North Korea over its nuclear weapons development, ballistic missile development, proliferation activities, and military aggression against South Korea. At times, the United States and other participants in the six-party talks relied on China to use its standing as the foreign power with the most influence in North Korea to get Pyongyang to engage in negotiations over its weapons development and proliferation activities.

On the other hand, North Korea repeatedly rejects Chinese advice and warnings. North Korean officials tell American and other officials of their disdain for China. Nonetheless, Chinese leaders are loath to cut off their aid or otherwise increase pressure on North Korea to conform to international norms for fear of a backlash from the Pyongyang regime that would undermine Chinese interest in preserving stability on the Korean peninsula and in northeastern Asia. The net effect of these contradictions is that while China’s influence in North Korea is greater than other major powers, it is encumbered and limited.

**China in the Shadow of U.S. Leadership in the Asia-Pacific**

A comparison of Chinese policies and practices in the Asia-Pacific with those of the United States underlines how far China has to go, despite over two decades of efforts in the post-Cold War period to secure its position in Asia, if it intends to be successful in seriously challenging the United States. Without a secure periphery and facing formidable American presence and influence, China almost certainly calculates that challenging the United States poses grave dangers for the PRC regime.

The policies of the George W. Bush Administration were very unpopular with regional elites and public opinion. As the Obama Administration has refocused U.S. attention positively on the Asia-Pacific region, regional concerns have shifted to worry that U.S. budget difficulties and political gridlock in Washington are undermining the ability of the United States to sustain support for regional responsibilities.

Recent practice shows that U.S. priorities, behavior, and power mesh well with the interests of the majority of Asia-Pacific governments that seek legitimacy through development and nation-building in an uncertain security environment.

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environment and an interdependent world economy. The drivers of America undertaking leadership responsibilities in the Asia-Pacific region remain strong:

- The region is an area of ever greater strategic and economic importance for the United States;
- The United States remains strongly committed to long-standing U.S. goals of supporting stability and balance of power; sustaining smooth economic access; and promoting U.S. values in this increasingly important world area;

The basic determinants of U.S. strength and influence in the Asia-Pacific region involve the following factors:

**Security.** In most of Asia, governments are strong, viable and make the decisions that determine direction in foreign affairs. In general, the officials see their governments’ legitimacy and success resting on nation-building and economic development, which require a stable and secure international environment. Unfortunately, Asia is not particularly stable and most regional governments privately are wary of each other. As a result, they look to the United States to provide the security they need. They recognize that the U.S. security role is very expensive and involves great risk, including large-scale casualties if necessary. They also recognize that neither China nor any other Asian power or coalition of powers is able or willing to undertake even a fraction of these risks, costs and responsibilities.

**Economics.** The nation-building priority of most Asian governments importantly depends on export-oriented growth. As noted above, much of Chinese and Asian trade heavily relies on exports to developed countries, notably the United States. The United States has run a massive trade deficit with China, and a total trade deficit with Asia valued at over $350 billion. Asian government officials recognize that China, which runs an overall trade surplus, and other trading partners of Asia are unwilling and unable to bear even a fraction of the cost of such large trade deficits, that nonetheless are very important for Asian governments.

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38 Author’s findings based on interviews with over 200 officials from ten Asia-Pacific countries, discussed most recently in Robert Sutter, *Foreign Relations of the PRC* (Lanham MD: Rowman and Littlefield, 2013), pp. 321-326.
Government engagement. The Bush Administration generally was effective in interaction with Asia’s powers. The Obama government has built on these strengths. The Obama Administration’s wide-ranging rebalance with regional governments and multilateral organizations encompasses a region stretching from India to the Pacific Island states. Its emphasis on consultation and inclusion of international stakeholders before coming to policy decisions on issues of importance to Asia and the Pacific also has been broadly welcomed and stands in contrast with the previously perceived unilateralism of the U.S. government.

Meanwhile, the U.S. Pacific Command and other U.S. military commands, and security and intelligence organizations have been at the edge of wide-ranging and growing U.S. efforts to build and strengthen webs of military and related intelligence and security relationships throughout the region.

Non-government engagement and immigration. The United States has long engaged the Asia-Pacific region through business, religion, education, media and other interchange. Such active non-government interaction puts the United States in a unique position and reinforces overall U.S. influence. Meanwhile, almost 50 years of generally color-blind U.S. immigration policy, since the ending of discriminatory U.S. restrictions on Asian immigration in 1965, has resulted in the influx of millions of Asia-Pacific migrants who call America home and who interact with their countries of origin in ways that undergird and reflect well on the American position in the region.

Asia-Pacific contingency planning. Part of the reason for the success of U.S. efforts to build webs of security and other relationships with Asia-Pacific countries concerns active contingency planning by many Asia-Pacific governments. As power relations change in the region, notably on account of China’s rise, regional governments generally seek to work positively and pragmatically with a rising China on the one hand; but, on the other hand, they seek the reassurance of close security, intelligence, and other ties with the United States in case a rising China shifts from its current avowed benign approach to one of greater assertiveness or dominance.

Against the background of recent Chinese assertiveness, the Asia-Pacific governments’ interest in closer ties with the United States has meshed well with the Obama Administration’s engagement with regional governments and multilateral organizations. The U.S. concern to keep stability while fostering economic growth has overlapped constructively with
the priorities of the vast majority of regional governments as they have
pursued their respective nation-building agendas.

Conclusion

The Great Divergence does a service in highlighting the security frictions that result from China’s more assertive actions regarding territorial disputes in the face of the Obama Administration’s determination to sustain U.S. leadership in the Asia-Pacific. But the framework exaggerates the danger of serious confrontation and conflict today. Danger seems markedly less serious than during the crises over Taiwan and other disputes beginning in 1995. The United States appears to have no interest in confronting China. Whatever interest China has in confronting the United States is held in check by domestic Chinese preoccupations, ever stronger Sino-American interdependence, and China’s continued insecure position in the Asia-Pacific despite over two decades of efforts to advance Chinese influence.

The Great Divergence also exaggerates the positive impact of economic relations on U.S.-China relations. Economic relations add to interdependence that constrains Chinese or U.S. inclinations to confront one another seriously, but they are full of friction and frustration, especially on the U.S. side.

The Obama Administration is in its sixth year dealing with China. U.S. expectations of significant breakthroughs in the relations are justifiably low. The Chinese have proven to be difficult partners. Worst case thinking about U.S. intentions is married with media-propaganda campaigns establishing China’s identity as resisting many aspects of American leadership. As Chinese capabilities grow, Beijing is likely to take actions that will further challenge many of the security, economic and political norms supported by the United States. The United States will be forced to react and devise approaches that dissuade and redirect egregious Chinese challenges. Though complete success in these American efforts seems unlikely, there is comfort in the projection of this article that such Chinese challenges will remain constrained by realities at home and abroad and that the constraints probably will tighten as China’s Asian neighbors and the United States react to Chinese assertiveness and truculence.